



# 20 years and Going Strong





At any given time, about 85% of the owners/operators of underground tank systems where petroleum is actively being stored and dispensed are PSTIF participants; the others are required by state law and regulations to have some other mechanism in place to pay for cleanup of a leak, should one occur.

Participation by aboveground tank owners is lower, but is growing.

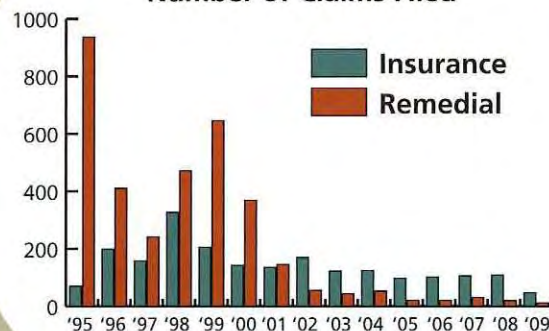
Prevention has been a primary focus of the PSTIF since its inception. Fund participants must demonstrate compliance with state and federal rules governing the operation of their tank systems before they can get insured by the PSTIF, then again each year when their insurance coverage renews. These rules require the owners/operators to do regular tests and maintenance of their equipment, aimed at preventing leaks and – when they do occur – detecting them quickly, before the leaking fuel spreads too far and impacts public health or causes major environmental damage.

Missourians have reaped huge dividends from this focus – as evidenced by what has not happened. In the last ten years, there has not been a single instance in Missouri

where a leak from an operating, PSTIF-insured underground tank system has affected a drinking water well.

Leaks do still occur, and no structure or monitoring system is “invincible.” But the record shows far fewer leaks are occurring, and they are being detected much sooner than was the case in the 1950s–1980s before modern regulations and technologies were in place.

Number of Claims Filed



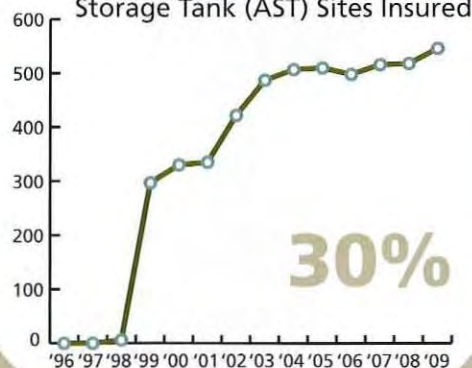
Key to the success of the PSTIF has been the support and involvement of the petroleum industry. Members of the Missouri Petroleum Marketers and Convenience Store Association and the Missouri Oil Council have served on the PSTIF Board of Trustees and the PSTIF Advisory Committee, and have been actively involved in lobbying for legislative changes to expand and extend the Tank Fund's operations.





Few environmental programs touch more people or affect more businesses in Missouri than the Petroleum Storage Tank Insurance Fund. Celebrating its 20th anniversary this year, the PSTIF is pleased to present this overview of its history and accomplishments.

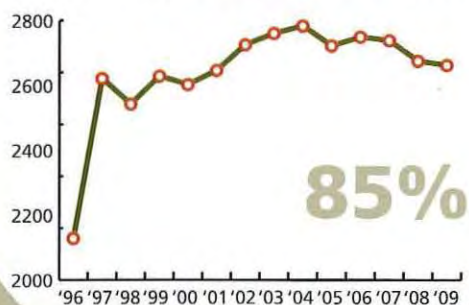
Number of Aboveground Storage Tank (AST) Sites Insured



## What is the PSTIF?

A unique agency of Missouri's state government, the PSTIF is a special trust fund established by state law and managed by a Board of Trustees. The PSTIF Board uses the cooperative efforts of its own staff, employees of other state agencies, and private sector experts to carry out two responsibilities: (1) Insuring people who store fuel in aboveground or underground tank systems against the risk of a leak causing environmental damage, and (2) Paying for cleanup of "legacy pollution" at certain properties where fuel was stored and spilled or leaked in years gone by.

Number of Underground Storage Tank (UST) Sites Insured



## Insuring Missouri Business Owners and Preventing Leaks

Any owner or operator of a regulated aboveground or underground fuel storage facility may obtain pollution liability insurance coverage from the PSTIF. Those who do become "participants" in the Tank Fund.

MISSOURI  
PST INSURANCE FUND

**20**  
years  
and Going Strong





# Chronology of Missouri's Tank Fund

<b>1989</b>	Missouri Creates UST Fund – Missouri General Assembly enacts HB77, modeled after federal law. Requires owners who have not already reported their USTs to EPA to report them to the Office of Administration, (OA). Requires UST owners/operators to have pollution liability insurance. Establishes the Underground Storage Tank Insurance Fund, financed by an initial fee of \$100 per tank on every UST in the state and subsequent annual fees from owners who want insurance coverage from the State's Fund.	<b>1999</b>	More "Legacy Sites" Added – Missouri General Assembly enacts HB603, allowing persons who owned sites where tanks were out of use by December 31, 1985, more time to report those properties, thereby making them eligible for PSTIF benefits.
<b>1991</b>	Transport Load Fee Created – Missouri General Assembly creates a fee of \$25 per 8,000-gallon "transport load" to provide additional revenue for the UST Insurance Fund. Collection begins October 1. Operation of the Fund transferred from OA to Department of Natural Resources, (DNR).	<b>1999</b>	Web Site Launched – PSTIF joins the Internet community with its first web site.
<b>1992</b>	First UST Owners Insured – Actuarial report provides advice to DNR on UST Insurance Fund costs and operations; DNR sets up process for UST owners/operators to apply for insurance coverage and engages third-party administrator. First UST owners/operators insured in May.	<b>2000</b>	Financial Shortfall Causes Cleanup Delays – Board of Trustees votes in March to put a "hold" on new "remedial claims" due to projected financial shortfall. Claims from insured tank owners/operators continue to be honored and prior "remedial claims" continue to receive funding.
<b>1993</b>	First Insurance Claim Paid – First claim paid following removal of an insured UST system by Flash Oil Corporation of St. Louis.	<b>2001</b>	"Sunset Date" Extended Again – HB453 passes, extending PSTIF's "sunset date" to December 31, 2010, and giving Board of Trustees authority to raise and lower transport load fee within limits. Board votes to raise the fee from \$25 to \$40.
<b>1993</b>	Transport Load Fee Ceases – Fund's cash balance reaches \$20 million, triggering cessation of collection of transport load fee on September 30.	<b>2002</b>	Funding Released for Claims "on Hold" – Board votes in January to release funds for 219 "remedial claims" received since March 2000.
<b>1994</b>	Deductible Decreased – HB1156 enacted by Missouri General Assembly, lowering deductible for insured UST owners/operators from \$25,000 to \$10,000.	<b>2002</b>	First "Tail Coverage" Offered – Insured AST owners/operators are given option to buy an extended reporting period, or "tail coverage," when they sell or take tanks out of service.
<b>1994</b>	EPA Approves Fund – US EPA issues letter approving Missouri's Tank Fund as a "Financial Responsibility mechanism" for UST owners/operators.	<b>2003</b>	Claim Payments Top \$100 Million – PSTIF pays out its 100 millionth dollar for cleanups in December, 10 years after first claim payment.
<b>1995</b>	"Remedial Claims" Created – HB251 enacted by Missouri General Assembly, authorizes Fund to pay for cleanup of properties where USTs were taken out of use by August 28. Also allows Fund to pay for "known, pre-existing pollution" at active UST sites if owner/operator applies for insurance by August 28. 700 insurance applications arrive in July/August. Overnight, the Fund's liabilities grow from 122 claims and \$3 million to 1200+ claims and \$72 million.	<b>2004</b>	"Tail Coverage" for USTs – Insured UST owners/operators can buy extended reporting period when they sell facility or take tanks out of service.
<b>1996</b>	Transport Load Fee Reinstated – Collection of transport load fee begins again on April 1.	<b>2005</b>	"Online" Insurance Option – Owners/Operators can apply for or renew their insurance electronically via the Internet.
<b>1996</b>	ASTs Included, Board Created – Missouri General Assembly enacts SB708, expanding both insurance function and "remedial claims" to aboveground storage tanks; creates Board of Trustees to manage Fund; renames it "Petroleum Storage Tank Insurance Fund." Also extends deadline to be eligible for "remedial claim" to December 31, 1997.	<b>2005</b>	Federal UST Law Changes – Congress imposes additional requirements on states who want federal money for their UST programs.
<b>1997</b>	Board Appointed – Governor Carnahan appoints first 8 trustees; first meeting held in April. Executive Director hired, office established in August.	<b>2007</b>	Joint DNR/PSTIF Inspections – Board and DNR agree to three-party contract for UST inspections; duplicative review of records is eliminated.
<b>1998</b>	First AST Owners Insured – Six AST sites insured by end of January; by year's end, 286 were insured.	<b>2007</b>	Claim Payments Top \$150 Million – PSTIF pays for its 2000th cleanup.
<b>1998</b>	"Sunset Date" Extended – Missouri General Assembly enacts HB1148, extending PSTIF's "sunset date" from December 31, 1998 to December 31, 2003.	<b>2008</b>	"Sunset Date" Extended Third Time – State Legislature enacts SB907, extending PSTIF's "sunset date" to December 31, 2020. Also requires AST owners to have pollution liability insurance by December 31, 2010.
		<b>2008</b>	Transport Load Fee Reduced – Board lowers fee from \$40 to \$20 per 8,000 gallons, effective September 1.
		<b>2009</b>	PSTIF Turns Twenty – Entering its 21st year, PSTIF insures 2652 UST facilities, 562 AST facilities, has paid out \$181 million for cleanups, has 1251 open claims and claim reserves of \$113 million.



# Finances

The majority of revenue into the Tank Fund comes from a "transport load fee" assessed by state law and paid monthly, along with other fuel taxes and fees. The PSTIF Board of Trustees provides funding to the Department of Revenue to collect and deposit this fee into the State Treasury.

## Income Statement 6/30/09

### REVENUES:

Transport Load Fee	\$13,971,971
\$100 Initial Tank Fees	\$34,850
UST Participation Fees	\$1,033,223
AST Participation Fees	\$229,483
Miscellaneous Income	\$4,511
Interest	\$2,015,288
<b>TOTAL REVENUE</b>	<b>\$17,289,326</b>

### EXPENSES:

UST Claims Paid	\$13,581,193
AST Claims Paid	\$2,567,548
Subrogation Recoveries	(\$364,895)
Net Claims Paid	\$15,783,846

### Operating Costs

Underwriting	\$317,998
Inspections	\$321,217
Training & Loss Prevention Services	\$22,083
Loss Adjusting & Subrogation Expenses	\$2,538,355
Other Administrative Costs	\$535,460
Board/Staff Expenses	\$184,177
Audit & Legal Expenses	\$72,760
Department of Revenue Expenses	\$37,826
Attorney General's Office Expenses	\$35,800
Contingency & Special Projects	\$41,300
DNR Expenses	\$1,162,285
Office of Administration	\$110,174

**TOTAL EXPENSES** **\$21,163,281**

**DECREASE IN CLAIM RESERVES** **(\$4,044,725)**

**NET INCREASE RETAINED EARNINGS** **\$170,770**

The fee is paid on each 8,000-gallon "transport load" of fuel used in Missouri. PSTIF revenues from this fee reflect transportation and economic activity in the State.

The Missouri Legislature has given the PSTIF Board of Trustees authority to raise and lower the fee, within certain parameters, as needed to meet the Tank Fund's liabilities.

## Balance Sheet 6/30/09

### ASSETS:

Cash	\$83,841,833
Transport Load Fee Receivable	\$2,417,445
Participation Fees Receivable	\$3,675
Interest Receivable	\$305,772
Fixed Assets	\$19,693
<b>TOTAL ASSETS</b>	<b>\$86,588,418</b>

### LIABILITIES:

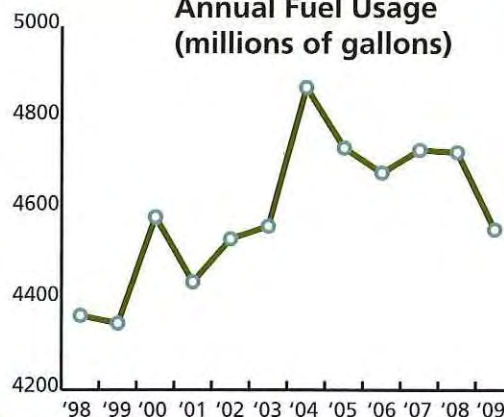
Accounts Payable	\$6,997
Employee Leave Liability	\$57,219
Williams & Company Payable	\$4,500
Deferred Revenue - Unearned Participation Fees	\$514,882
Incurred But Not Reported Claim Reserves	\$45,000,000
Insurance Claim Reserves	\$35,210,605
Remedial Claim Reserves	\$32,477,894

**TOTAL LIABILITIES** **\$113,272,097**

**FUND EQUITY** **(\$26,683,679)**

**TOTAL LIABILITIES AND FUND EQUITY** **\$86,588,418**

**Annual Fuel Usage**  
(millions of gallons)





# Revitalizing Properties

Hundreds of communities, from Missouri's largest cities to its smallest towns, have benefited from the revitalization of old gas stations, most of which has occurred as a direct result of the PSTIF limiting lenders' and developers' financial risk for environmental liability.

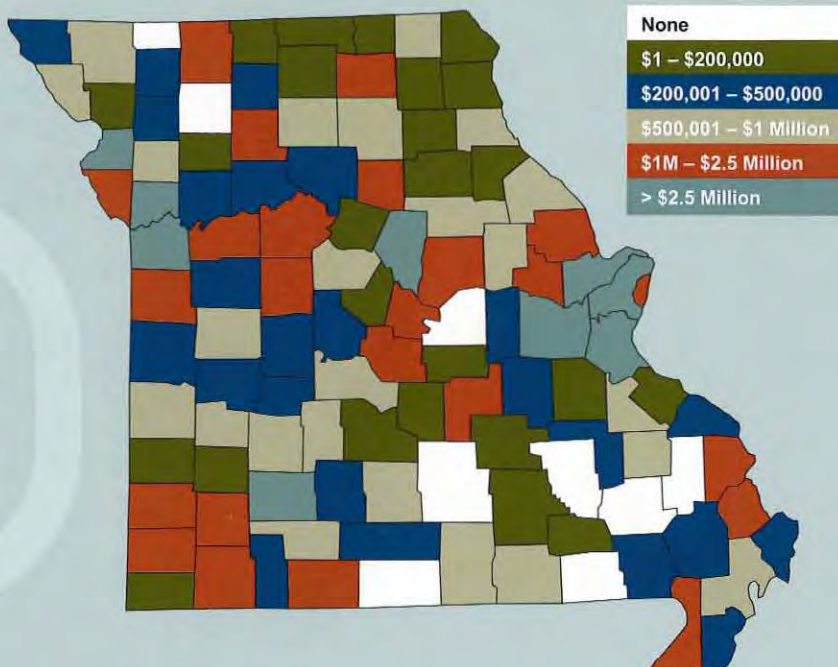
Not all PSTIF-financed cleanups have been old gas stations though. Claims have been filed by schools, hospitals, police and fire departments, farmers' cooperatives, car dealers, state agencies, businesses with vehicle fleet fueling facilities, churches, and a host of others – anyone who stores fuel or who owns a property where fuel was stored in the past is a potential claimant.

Since the first claim was filed in 1993, the PSTIF has received more than 6000 claims. Of those, nearly 5500 have been determined to be eligible for PSTIF benefits. And \$181 million has been paid from the Tank Fund to those claimants.

Claims made by owners/operators who are actively storing fuel and who are insured by the PSTIF are called "insurance claims."

Claims made by property owners where tanks were taken out of use by a certain date, and who may never have been insured by the PSTIF, are called "remedial claims." Remedial claims involve "legacy pollution." Happily, most of these properties have been cleaned up in the last twenty years, and the Tank Fund is receiving fewer and fewer "remedial claims."

## PSTIF Claim Payments



## Citizens Serving Citizens

State law specifies that eight citizens with various backgrounds and expertise be appointed as PSTIF Trustees to serve with representatives from three state agencies. Since the Board's creation in 1996, thirty-six people have served as Trustees.

Missourians owe a debt of gratitude to these volunteer Trustees for their diligent and careful management of the Petroleum Storage Tank Insurance Fund – a successful program that is continuing to benefit our State's residents and protect our magnificent natural resources.



### Missouri Petroleum Storage Tank Insurance Fund

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